



*United States Attorney
Southern District of New York*

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**U.S. INDICTS FORMER NEW YORK STATE LABOR COMMISSIONER
AND BUSINESSMAN FOR BRIBERY IN DRIVER EDUCATION SCHEME**

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that former New York State Commissioner of Labor, JAMES MCGOWAN, and businessman JOHN SEGRETI were indicted today in White Plains federal court on bribery and mail fraud charges arising from the alleged bribery of MCGOWAN. JOHN SEGRETI is the owner and operator of numerous schools throughout the country that provide driver education and the Indictment charges that SEGRETI made payments to MCGOWAN in exchange for MCGOWAN's efforts to steer federal grant monies towards SEGRETI and his companies, which include National Traffic Safety Institute Corporation ("NTSI"), NTSI of Staten Island and Drive Safe New York, d/b/a New York Safety Training.

According to the Indictment, SEGRETI directly and indirectly made bribe payments to MCGOWAN, and in exchange MCGOWAN: (1) provided SEGRETI with advanced notice of anticipated Department of Labor grant provisions, which provisions were not

yet available to the public; (2) pressured employees of the Department of Motor Vehicles to expedite a request that SEGRETI had before that agency; (3) introduced SEGRETI to a major recipient of federal and state grant monies and urged that recipient to utilize SEGRETI's companies as a subcontractor; (4) added driver education components to Requests For Proposals pertaining to Department of Labor grants; (5) rejected a Department of Labor funding committee's recommendations regarding the funding of a grant to be awarded by the Department, in part, to steer additional grant monies to a party that had agreed to use SEGRETI's companies as a subcontractor; and (6) pressured an employee of the New York State Department of Education to expedite a request that SEGRETI had pending before that agency.

MCGOWAN resigned from the position of Commissioner of Labor on October 20, 2000.

MCGOWAN, who is also the former President of the New York State Professional Firefighters Association ("Firefighters"), also is charged with subscribing to false tax returns for 1995 through 1999, which failed to report all of his income. In addition, MCGOWAN is charged with making a false statement in a mortgage application, falsely representing that he had no child support obligations when, in fact, he had a Court-Ordered child support obligation.

MCGOWAN, 65, of Yorktown Heights, New York, and SEGRETI, 45, of Colts Neck, New Jersey, are scheduled to appear in federal court in White Plains on January 30, 2003, for

arraignment on the charges. The maximum penalties that each defendant faces if convicted on the charges in the Indictment are set forth in a chart that follows.

Mr. COMEY said that the Indictment was the product of a joint investigation by the United States Department of Labor's Office of Inspector General and the Pension and Welfare Benefits Administration, the Internal Revenue Service, Criminal Investigation Division and Examination Division and the New York State Inspector General, and praised the efforts of all five agencies. He said the investigation is continuing.

Assistant United States Attorney CYNTHIA K. DUNNE is in charge of the prosecution.

The charges in the Indictment are merely accusations, and the defendants are presumed innocent until proven guilty.

03-13

| U.S. Code | Total Number | Offense | Maximum | |
|-----------------------------------|--------------|-------------|---|-------------------------------|
| Title/Section | Of Counts | Description | Penalties | Defendants |
| 18 U.S.C. § 371 | 1 | Conspiracy | 5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 yrs. Supervised Release.; restitution | James McGowan John Segreti |
| 18 U.S.C. § § 1341, 1346 and 2 | 1 | Mail Fraud | 5 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution | James McGowan John Segreti |

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| 18 U.S.C. §§ 666(a)(2) and 2 | 1 | Payment of a Bribe | 10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution | John Segreti |
| 18 U.S.C. §§ 666(a)(1)(B) and 2 | 1 | Receipt of a Bribe | 10 years imprisonment; fine in amount of greatest of \$250,00, twice the gross gain, or twice gross loss; 3 years Supervised Release; restitution | James McGowan |

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| 26 U.S.C. § 7206(1) | 5 | Subscribing to False Income Tax Returns | 3 years imprisonment; fine in amount of greatest of \$250,00, twice gross gain, or twice gross loss to Gov't; 1 year of Supervised Release; restitution and the costs of prosecution | James McGowan |
| 18 U.S.C. §§ 1014 and 2 | 1 | False Statement to a Financial Institution | 30 years imprisonment; \$1,000,000 fine; 5 yrs. Supervised Release; restitution | James McGowan |